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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of the State
of Washington by:

JAMES MAJERSKI; his employees and agents

Respondents.

Order No. S-03-132-04-TO01

SUMMARY ORDER TO CEASE AND DESIST
AND NOTICE OF INTENT TO IMPOSE FINE

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THE STATE OF WASHINGTON TO: James Majerski
10321 Newport Circle
Tampa, FL 33612

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, James Majerski has violated the Securities Act of Washington and that his violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against him to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondent to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondent

1. James Majerski is resident of Sarasota Florida doing business as The Great Majerski, The Majerski Exchange and Majerski Exchanges the World.

II. Offering

2. Beginning in early 2001 and continuing through September 2001 Majerski received in excess of \$277,000 from at least three Washington investors for an investment in gold originating in the Philippines. Majerski,

SUMMARY ORDER TO CEASE AND
DESIST

1 using the business names The Great Majerski, The Majerski Exchange and Majerski Exchanges the World, told the
2 Washington investors that their funds were going to be used to purchase gold from the Mindanao Highlands in the
3 Philippines.

4 3. Majerski told the investors that he had an arrangement to purchase 3.5 metric tons of gold from the
5 Mindanao Highland Association through the Mindanao Highlands Association's High Chief Datu Lim Ao G. Vergara.
6 Majerski would then transport the gold from the Philippines to Zurich, Switzerland where an associate of Majerski would
7 reprocess it into higher quality gold. The reprocessing would reduce the 3.5 metric tons to 3.0 metric tons at which point
8 the gold would be sold. Majerski told the investors that he had completed similar gold transactions in the past with his
9 associate in Switzerland. In early 2001, Majerski signed an agreement with two Washington investors that stated that the
10 investors would receive four percent of the revenue from the sale of the gold. In April 2001, Majerski sent a fax to one
11 of the investors giving an example of how much their investment could be worth. Using the example of gold trading at
12 \$260.00 per troy ounce, Majerski stated that their four percent would be worth \$752,310. In August 2001, Majerski sent
13 a fax to one of the investors stating that, at \$275.00 per troy ounce, the four percent interest would be worth \$1,060,950
14 for the two investors. Based upon these representations, the Washington investors wire transferred over \$100,000 to
Majerski's bank account.

15 4. At the time of the investment, Majerski stated that he needed more money to complete the transaction,
16 but that he had other investors that would contribute the remainder of the funds necessary. In July 2001, Majerski
17 informed the investors that he was unable to raise the necessary money from others and that they needed to contribute an
18 additional \$135,000, plus funds for expenses that would be incurred in completing the deal, if they were going to be able
19 to complete the gold purchase. In August 2001, Majerski signed an agreement with one of the investors stating that the
20 investor would receive ten percent of the sales price if he were able to provide the additional funds. Based upon figures
21 provided by Majerski, that a ten percent interest in the gold would be worth \$2,500,000, the investor took out an
22 additional loan on a piece of property that he owned and also contacted another Washington resident, a third investor, to
23 raise funds to send to Majerski. Together, they contributed an additional \$177,000 in September 2001 (of which \$59,000
24 was later returned).

1 IV. Registration Status

2 8. The offer and/or sale of gold investment opportunities by James Majerski are not registered under the
3 Securities Act of Washington nor has the offer and/or sale previously been so registered.

4 9. James Majerski is not currently registered as a securities salesperson, investment adviser or broker-
5 dealer in the state of Washington and has not previously been so registered.

6 Based upon the foregoing Tentative Findings of Fact the following Conclusions of Law are made.

7 **CONCLUSIONS OF LAW**

8 I. Securities

9 10. The offer and/or sale of the gold investment opportunities described above constitutes the offer and/or
10 sale of securities as defined in RCW 21.20.005 (10) and (12).

11 II. Anti-Fraud Provision

12 11. The offer and/or sale of said securities was made in violation of RCW 21.20.010 because the
13 Respondent made misstatements of material fact or omitted to state material facts necessary in order to make the
14 statements made, in the light of the circumstances under which they were made, not misleading.

15 III. Registration of Securities

16 12. The offer and/or sale of said securities is in violation of RCW 21.20.140, the registration section of the
17 Securities Act, because no registration for such offer and/or sale is on file with the Securities Administrator of the state of
18 Washington.

19 IV. Registration of Broker-Dealer and Salespersons

20 13. Respondent, James Majerski has violated RCW 21.20.040 by offering and/or selling said securities
21 while not registered as a broker-dealer or securities salesperson in the state of Washington.

22 **EMERGENCY**

23 The Securities Administration finds that an emergency exists and that the continued offers or sales of said
24 investment opportunities in violation of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040, constitute a threat to the

1 investing public. Accordingly, a Summary Order to Cease and Desist from those violations is in the public interest and
2 necessary for the protection of the investing public.

3 **SUMMARY ORDER**

4 Based upon the foregoing, IT IS THEREFORE HEREBY SUMMARILY ORDERED that Respondent James
5 Majerski, his agents, and employees shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of
6 the Securities Act.

7 It is further SUMMARILY ORDERED that Respondent James Majerski, his agents, and employees shall each
8 cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act.

9 It is further SUMMARILY ORDERED that Respondent James Majerski, his agents, and employees shall
10 each cease and desist from violating RCW 21.20.040, the securities broker-dealer, securities salesperson registration
11 section of the Securities Act.

12 **NOTICE OF INTENT TO IMPOSE FINE**

13 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law, the
14 Securities Administrator finds that Respondent James Majerski has committed a knowing or reckless violation of the
15 Securities Act such that the imposition of a fine is required. Therefore, the Securities Administrator intends to order that
16 the Respondent shall pay a fine in the amount of \$10,000.

17 **AUTHORITY AND PROCEDURE**

18 This Order is entered pursuant to the provisions of RCW 21.20.390, and RCW 21.20.395, and is subject to the
19 provisions of Chapter 34.05 RCW. The Respondent, James Majerski may make a written request for a hearing as set
20 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
21 Order. A request for a hearing should be in writing and sent to Deborah R. Bortner, Securities Administrator,
22 Department of Financial Institutions, P.O. Box 9033, Olympia, Washington 98507-9033.

23 If the respondent does not request a hearing, the Securities Administrator intends to adopt the above Tentative
24 Findings of Fact and Conclusions of Law as final and make the Summary Order to Cease and Desist permanent as to the
25 Respondent and impose the fine as set forth.

1 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

2 DATED and ENTERED this 1st day of April, 2004

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6 DEBORAH R. BORTNER
Securities Administrator

7 Approved by:

Presented by:

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10 Michael E. Stevenson
Chief of Enforcement

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14 Tyler Letey
Financial Legal Examiner